

The Ethiopian Climate Resilient Green Economy Facility (CRGE Facility)



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Lombok, Indonesia

Introduction

- Ethiopia is the second most populous country in Africa after Nigeria with over 85 million residents
- The total land area of Ethiopia is over 1.1 million km²
- In the beginning of the 20th century, the high forest cover of Ethiopia was estimated to be 35% of the total land area but has drastically declined to 11.9% of the total land area in 2010
- The Ethiopian economy is predominantly rural with the agricultural sector providing **employment** for about 85% of the population and accounts for c. 90% of its **exports**

The Ethiopian CRGE Facility

Background

- Ethiopia has officially pursued a green economy strategy, which will lead the country to middle income status by 2025
- The green growth path envisages to limit the national green gas emission level to 150 Mt CO₂e in 2030 instead of 400 Mt CO₂e under BAU Scenario
- The net zero GHG emission target will be achieved through implementation of about 60 initiatives across seven sector
- Building the green economy requires an estimated total expenditure of around USD 150 billion over 20 years (2010 as a base year)

Background (Cont.)

- Protecting and re-establishing forests for their economic and ecosystem services including as carbon stocks is one of the four pillars of the CRGE Strategy
- The REDD+ is one of the four initiatives selected for fast-track implementation and is hoped to generate huge amount of revenue through emission trading
 - E.g. The Bale REDD+ pilot project implementation on over 500,000 ha of forest is taking place, the Jurisdictional Nested REDD+ (JNR) in the entire Oromia region

The CRGE Facility (Cont.)

- The CRGE Facility was created to finance the implementation of the CRGE priorities

Objectives:

1. To help mobilize, access, and combine finances required for implementing the CRGE from international, public and private sources in the form of grants, grantees, results-based payments, etc
2. To help improve environmental management for a climate resilient green development
3. To provide financial support to build capacity of implementing and executing entities

Structure of the CRGE Facility

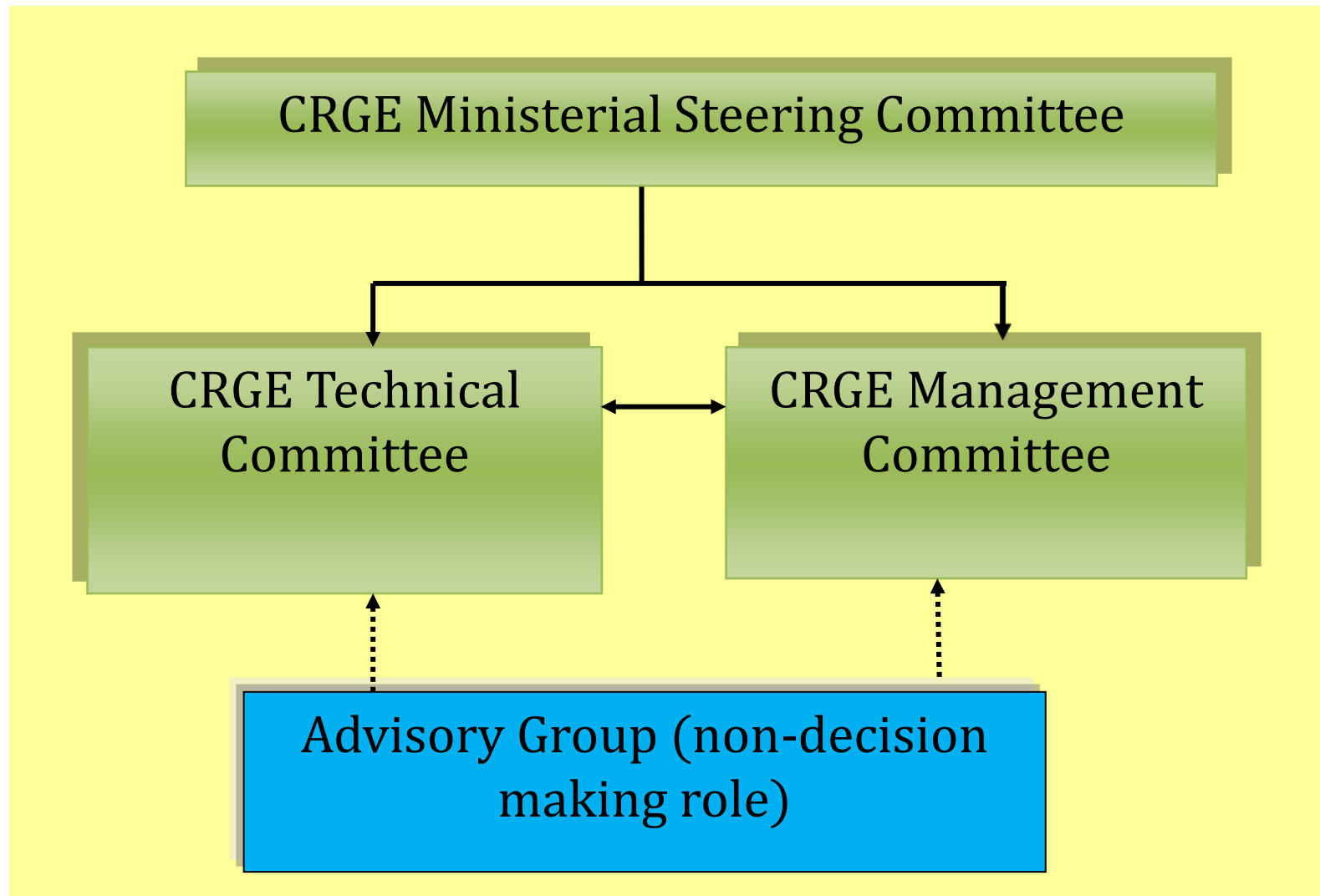
The CRGE Facility has two windows:

- **Strategic window**-exclusively provide support for implementation of activities that have been identified through a strategic process (the SRM) and
- **Responsive window**-provide demand-driven support for implementation and institution-building activities

Access to the Facility

- Both windows will be primarily accessed by Government institutions at federal, regional, local level and by communities
- Others (i.e. civil society, private sector organizations, etc) will work in partnership with government institutions at federal, regional and local levels and communities

CRGE Facility Governance Structure



CRGE Facility Functions

1. MoFED

- Is the supreme body of the facility for overall administration and operations
- Provides financial integrity and management
- Records transactions and balances, manages and disburses funds with safeguards and on a timely basis, and produce forward-looking financial plans and budgets
- Provides Institutional Capacity in the areas of: procurement (ensuring open and competitive processes), assessment for value for money, ability to appraise financial viability of investment proposals, and the ability to leverage domestic and international public and private finance
- Monitoring and evaluation

CRGE Facility Functions

2. EPA

- Chairs technical committee
- Appraises project proposals and investment plans
- Establishes a registry
- To enhance the transparency in the provision of financial support and in the implementation of activities supported by the Facility
- MRV

3. Sector Ministries and Regional States

- Prepare proposals of green economy initiatives for financial support or carbon credit
- Implementation, Reporting

Two CRGE Accounts

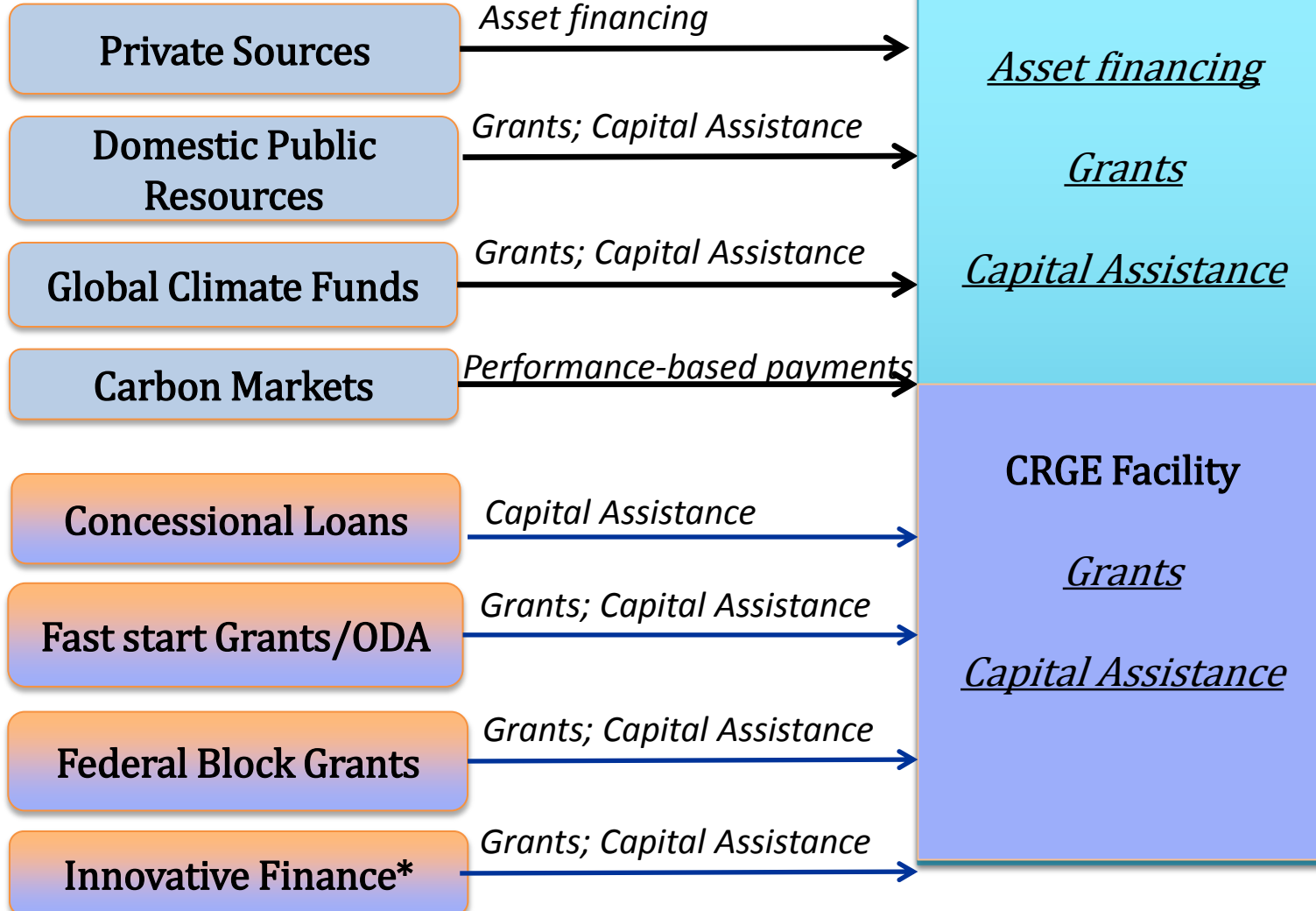
- National Account with MOFED
- International Account with the UNDP MPTF-Office

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Funding and Disbursement Arrangements

Funding Sources



Grants:

- Grant for activities with high social dividends;
- Upfront grants for enabl. environment;
- Performance-based payments

Capital Assistance:

- Loans;
- Micro-finance;
- Equity;
- Risk Mitigation Instruments

*PES, Green diaspora bonds, Levies, Carbon taxes

Where does the Facility Stand Now?

- The CRGE Facility Officially launched
- Secretariat Set up at MoFED
- National Bank account opened
- MOA signed with the UNDP MPTF-Office
- Parliament endorsed allocation of 2% of the federal budget
- The first support from Austria released to the national account
- CRGE Facility Operational Manual under preparation- final draft will be ready by end of July, 2013
- TOR for resource mobilization strategy going on
- Staffing of the facility secretariat is taking place

Thank you for Your Attention!!